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Registered number: 05242899

KENT COUNTY TRADING LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

WEDNESDAY



A46 *A4MVTNKP* 23/12/2015 #132
COMPANIES HOUSE

Barnes Roffe LLP, Chartered Accountants
Charles Lake House, Claire Causeway, Crossways Business Park, Dartford, Kent, DA2 6QA
15 December 2015

KENT COUNTY TRADING LIMITED

COMPANY INFORMATION

DIRECTORS

C McCoy Esq (appointed 10 June 2014)
R Martin Esq
Mrs K Short
S Heywood Esq
G Parsons Esq (resigned 28 April 2015)
R Pimenta Esq (appointed 26 February 2015)
Ms N Major (appointed 26 February 2015)
J D Burr Esq (appointed 26 February 2015)
Mrs E L Mitchell (appointed 22 October 2015)
J Evans Esq (appointed 22 October 2015)

COMPANY SECRETARY

Mrs K Short

REGISTERED NUMBER

05242899

REGISTERED OFFICE

1 Abbey Wood Road
Kings Hill
West Malling
Kent
ME19 4YT

INDEPENDENT AUDITORS

Barnes Roffe LLP
Chartered Accountants & Statutory Auditor
Charles Lake House
Claire Causeway
Crossways Business Park
Dartford
Kent
DA2 6QA

KENT COUNTY TRADING LIMITED

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KENT COUNTY TRADING LIMITED

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2015**

INTRODUCTION

The directors present the Group strategic report accompanying the financial statements for the year ended 31 March 2015.

BUSINESS REVIEW

The directors note that the Group traded at a satisfactory level during the 2014-15 year.

Trade levels continue to be satisfactory and a similar performance is expected for 2015/16.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and execution of the Group's strategy are subject to current economic uncertainty caused by the underlying economic environment and the impact of austerity measures on our customers (especially in the public sector).

Failure to compete in terms of price and customer service in increasingly competitive local markets could adversely affect the group's financial results.

Also failure to protect the Group's reputation and brand could lead to a loss of trust and confidence and a decline in our customer base.

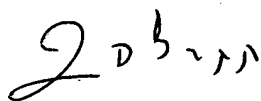
FINANCIAL KEY PERFORMANCE INDICATORS

The Group tracks financial performance using a range of financial performance indicators to assess the business, including standard accounting ratios and budget variance analysis. The directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development or performance of the business.

This report was approved by the board on

17/12/15

and signed on its behalf.



J D Burr Esq
Director

KENT COUNTY TRADING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2015

The directors present their report and the audited financial statements for the year ended 31 March 2015.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES

The principal activity of the company is that of a holding company.

The principal activity of the Group in the year under review continued to be that of recruitment services, waste disposal services, facilities management, fleet procurement, landscape services, engineering, energy supply and venue hire.

DIRECTORS

The directors who served during the year were:

C McCoy Esq (appointed 10 June 2014)
R Martin Esq
Mrs K Short
S Heywood Esq
G Parsons Esq (resigned 28 April 2015)
R Pimenta Esq (appointed 26 February 2015)
Ms N Major (appointed 26 February 2015)
J D Burr Esq (appointed 26 February 2015)

KENT COUNTY TRADING LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2015**

FUTURE DEVELOPMENTS

Kent County Trading Limited heads a diversified portfolio of businesses delivering a range of services with long-term underlying growth prospects and some niche services to support the shareholder. This includes quality brands our customers recognise as leaders in their markets. The Group is managed by a corporate centre, which sets the strategic direction of the Group continually seeking opportunities to improve growth and drive returns in a manner consistent with the Group's heritage of committed service to its customers, whilst promoting a culture of responsibility and integrity across the business.

The Group aims to deliver shareholder value by:

- Delivering organic sales growth through new services that complement the Group's portfolio and expansion into new high growth markets.
- Enhancing margins through operational efficiencies.
- Managing operations and working capital proficiently to generate strong cash-flows.

The business has also continued development of a new computer operating system during the year for one of its key activities and this development programme will continue into late 2015. Development expenditure in respect of the new system has been capitalised in the current year and amortised in accordance with the Group accounting policy.

EMPLOYEE INVOLVEMENT

The Group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information on matters of concern to employees is given through information bulletins and reports, which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the groups performance.

DISABLED EMPLOYEES

All necessary assistance with initial training courses is given to employees with disabilities. A career plan is developed to ensure suitable opportunities are available for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the Group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the Group's auditors are aware of that information.

This report was approved by the board on

17/12/15

and signed on its behalf.



Mrs K Short
Director

KENT COUNTY TRADING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF KENT COUNTY TRADING LIMITED

We have audited the financial statements of Kent County Trading Limited for the year ended 31 March 2015, set out on pages 6 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

UNQUALIFIED OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

KENT COUNTY TRADING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF KENT COUNTY TRADING LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Mario Ciantanni (Senior statutory auditor)

for and on behalf of

Barnes Roffe LLP

Chartered Accountants

Statutory Auditor

Charles Lake House

Claire Causeway

Crossways Business Park

Dartford

Kent

DA2 6QA

Date: 11.06.2015.

KENT COUNTY TRADING LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2015**

	Note	2015 £	As restated 2014 £
TURNOVER	1,2		
Continuing operations		65,755,393	37,204,115
Acquisitions		-	35,979,065
		<u>65,755,393</u>	<u>73,183,180</u>
Discontinued operations		-	2,185,520
		<u>65,755,393</u>	<u>75,368,700</u>
Cost of sales	4	<u>(51,080,904)</u>	<u>(60,739,682)</u>
GROSS PROFIT		14,674,489	14,629,018
Administrative expenses	4	<u>(14,249,351)</u>	<u>(15,302,033)</u>
Other operating income	3	<u>595,332</u>	<u>761,527</u>
OPERATING PROFIT	5		
Continuing operations		1,020,470	1,543,892
Acquisitions		-	(309,929)
Discontinued operations		-	(1,145,451)
		<u>1,020,470</u>	<u>88,512</u>
Interest receivable and similar income		20,009	18,973
Interest payable and similar charges	9	<u>(310,202)</u>	<u>(8,250)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		730,277	99,235
Tax on profit on ordinary activities	10	<u>(164,040)</u>	<u>(5,044)</u>
PROFIT FOR THE FINANCIAL YEAR	20	<u>566,237</u>	<u>94,191</u>

The notes on pages 11 to 26 form part of these financial statements.

KENT COUNTY TRADING LIMITED

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2015**

	Note	2015 £	<i>As restated</i> 2014 £
PROFIT FOR THE FINANCIAL YEAR		<u>566,237</u>	<u>94,191</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		566,237	<u>94,191</u>
Prior year adjustment	21	<u>1,275,000</u>	
TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST FINANCIAL STATEMENTS		<u>1,841,237</u>	

The notes on pages 11 to 26 form part of these financial statements.


KENT COUNTY TRADING LIMITED
REGISTERED NUMBER: 05242899

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2015

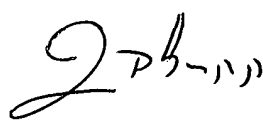
	Note	£	2015 £	£	As restated 2014 £
FIXED ASSETS					
Intangible assets	11		1,893,928		703,559
Tangible assets	12		5,044,919		5,146,511
			6,938,847		5,850,070
CURRENT ASSETS					
Stocks	14	223,294		274,164	
Debtors	15	14,521,167		17,297,079	
Cash at bank and in hand		2,820,456		1,283,827	
			17,564,917	18,855,070	
CREDITORS: amounts falling due within one year	16		(11,388,972)	(11,567,391)	
NET CURRENT ASSETS			6,175,945		7,287,679
TOTAL ASSETS LESS CURRENT LIABILITIES			13,114,792		13,137,749
CREDITORS: amounts falling due after more than one year	17		(8,900,000)		(9,640,034)
PROVISIONS FOR LIABILITIES					
Deferred tax	18		(284,634)		(133,794)
NET ASSETS			3,930,158		3,363,921
CAPITAL AND RESERVES					
Called up share capital	19		1,000,002		1,000,002
Profit and loss account	20		2,930,156		2,363,919
SHAREHOLDERS' FUNDS	22		3,930,158		3,363,921

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

17/12/15



S Heywood Esq
Director



J D Burr Esq
Director


The notes on pages 11 to 26 form part of these financial statements.

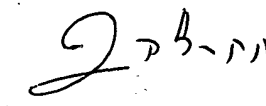
KENT COUNTY TRADING LIMITED
REGISTERED NUMBER: 05242899

COMPANY BALANCE SHEET
AS AT 31 MARCH 2015

	Note	£	2015 £	£	2014 £
FIXED ASSETS					
Investments	13		4,000,006		4,000,006
CURRENT ASSETS					
Cash at bank		2		2	
CREDITORS: amounts falling due within one year	16		<u>(6)</u>		<u>(6)</u>
NET CURRENT LIABILITIES			(4)		(4)
TOTAL ASSETS LESS CURRENT LIABILITIES			4,000,002		4,000,002
CREDITORS: amounts falling due after more than one year	17		<u>(3,000,000)</u>		<u>(3,000,000)</u>
NET ASSETS			1,000,002		1,000,002
CAPITAL AND RESERVES					
Called up share capital	19		<u>1,000,002</u>		<u>1,000,002</u>
SHAREHOLDERS' FUNDS			1,000,002		1,000,002

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17/12/15


S Heywood Esq
 Director


J D Burr Esq
 Director

The notes on pages 11 to 26 form part of these financial statements.

KENT COUNTY TRADING LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015**

	Note	2015 £	2014 £
Net cash flow from operating activities	23	3,768,515	(2,608,642)
Returns on investments and servicing of finance	24	20,009	10,723
Taxation		51,131	(38,582)
Capital expenditure and financial investment	24	(1,562,992)	(2,392,995)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		2,276,663	(5,029,496)
Financing	24	(740,034)	4,800,000
INCREASE/(DECREASE) IN CASH IN THE YEAR		1,536,629	(229,496)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 MARCH 2015**

	2015 £	2014 £
Increase/(Decrease) in cash in the year	1,536,629	(229,496)
Cash outflow from decrease in debt and lease financing	740,034	(4,800,000)
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	2,276,663	(5,029,496)
Other non-cash changes	-	(1,640,034)
MOVEMENT IN NET DEBT IN THE YEAR	2,276,663	(6,669,530)
Net debt at 1 April 2014	(8,356,207)	(1,686,677)
NET DEBT AT 31 MARCH 2015	(6,079,544)	(8,356,207)

The notes on pages 11 to 26 form part of these financial statements.

KENT COUNTY TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Going concern

The Group relies on the support of its parent undertaking, Kent County Council. The parent undertaking has given assurances that its support will not be withdrawn. It is on this basis that the accounts have been prepared under the going concern concept, and do not reflect any adjustment that may be necessary should that support be withdrawn.

1.3 Basis of consolidation

The financial statements consolidate the accounts of Kent County Trading Limited and all of its subsidiary undertakings ('subsidiaries').

1.4 Turnover

Turnover comprises revenue recognised by the Group in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.5 Intangible fixed assets and amortisation

Intangible assets are development costs capitalised in accordance with SSAP 13. They represent expenditure on viable projects in the course of development, which are deferred until the project has attained a commercial basis. Intangible assets are amortised on a straight line basis over 5 years.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

L/Term Leasehold Property	-	50 years straight line
S/Term Leasehold Property	-	3 - 5 years straight line
Plant & Machinery	-	5 years straight line
Motor vehicles	-	3 - 7 years straight line
Fixtures & fittings	-	10 years straight line
Office equipment	-	5 years straight line

1.7 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1.8 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

1. ACCOUNTING POLICIES (continued)

1.9 Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs.

1.10 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation. A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are calculated at current tax rates.

1.11 Research and development

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits, and are amortised on the straight line basis over the anticipated life of the benefits arising from the completed product or project.

Deferred research and development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related research and development is written off to the profit and loss account.

1.12 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is incurred.

1.13 Pensions

The Group operates defined contribution pension schemes for staff employed on Commercial Services terms, and the pension charged to the profit and loss account represents the amounts payable by the Group to the funds in respect of the year.

The Group also makes defined contributions for employees transferred from Kent County Council on 1 April 2013 under a TUPE arrangement. These staff participate in the Kent County Council Pension Fund, part of the Local Government Pension Scheme, a defined benefit statutory scheme. The Group's obligations to this scheme have been agreed at a fixed rate. The Group accounts for the scheme as a defined contribution scheme. The pension charged to the profit and loss account represents the amounts payable by the Group to the fund in respect of the year.

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

2. TURNOVER

All turnover arose within the United Kingdom.

The whole of the turnover and profit before taxation from continuing activities is attributable to the principal activities of the Group.

An analysis of turnover by class of business is as follows:

	2015 £	<i>As restated</i> 2014 £
Temporary staff	37,128,696	39,956,726
Facilities management	4,536,071	7,428,257
Vehicle rental	5,313,045	9,929,386
Landscape services	6,025,269	6,113,629
Engineering	2,330,330	2,503,861
Recharges	4,959,437	5,721,897
Waste	4,442,486	1,883,061
Other	1,020,059	1,831,883
Total	<u>65,755,393</u>	<u>75,368,700</u>

3. OTHER OPERATING INCOME

	2015 £	2014 £
Rent received	162,714	196,167
Service charge receivable	432,618	565,360
	<u>595,332</u>	<u>761,527</u>

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

4. ANALYSIS OF OPERATING PROFIT

	2015		<i>As restated 2014</i>	
	Continuing £	Discontinued £	<i>Continuing £</i>	<i>Discontinued £</i>
Turnover	65,755,393	-	73,183,180	2,185,520
Cost of sales	(51,080,904)	-	(58,747,576)	(1,992,106)
Gross profit	14,674,489	-	14,435,604	193,414
Administrative expenses	(14,249,351)	-	(13,963,168)	(1,338,865)
Other operating income	595,332	-	761,527	-
	1,020,470	-	1,233,963	(1,145,451)

The following amounts were included within continuing activities in relation to acquisitions during the year:

	2015 £	<i>As restated 2014 £</i>
Turnover	-	35,979,065
Cost of sales	-	(26,350,687)
Gross profit	-	9,628,378
Administrative expenses	-	(10,699,834)
Other operating income	-	761,527
Operating profit/(loss)	-	(309,929)

5. OPERATING PROFIT

The operating profit is stated after charging:

	2015 £	2014 £
Amortisation - intangible fixed assets	13,986	3,221
Depreciation of tangible fixed assets:		
- owned by the group	444,336	314,824
Operating lease rentals:		
- plant and machinery	97,487	282,632
- other operating leases	286,110	497,891

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

6. AUDITORS' REMUNERATION

	2015	2014
	£	£
Fees payable to the Group's auditor for the audit of the annual accounts	27,000	28,000
Fees payable to the Group's auditor and its associates in respect of:		
All other non-audit services not included above	30,000	33,145
	27,000	61,145

7. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2015	<i>As restated</i> 2014
	£	£
Wages, salaries and social security costs	23,554,444	26,132,827
Social security costs	1,823,241	2,123,549
Other pension costs	1,794,573	1,970,792
	27,172,258	29,227,168

The average monthly number of employees, including the directors, during the year was as follows:

	2015	2014
	No.	No.
Temporary staff	464	532
Administration staff	88	101
Facilities management	38	67
Direct services	236	272
Landscape services	145	152
Engineering	42	40
Recruitment	47	48
Other	95	66
	1,155	1,278

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

8. DIRECTORS' REMUNERATION

	2015 £	2014 £
Remuneration	<u>384,165</u>	<u>529,656</u>
Pension contributions to defined contribution pension schemes	<u>35,629</u>	<u>62,645</u>

During the year retirement benefits were accruing to 4 directors (2014 - 5) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £153,015 (2014 - £203,261).

The value of the contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £15,302 (2014 - £20,634).

9. INTEREST PAYABLE

	2015 £	2014 £
On other loans	<u>310,202</u>	<u>8,250</u>

10. TAXATION

	2015 £	2014 £
Analysis of tax charge/(credit) in the year		
Current tax (see note below)		
Adjustments in respect of prior periods	<u>13,200</u>	<u>(51,131)</u>
Deferred tax (see note 18)		
Origination and reversal of timing differences	<u>150,840</u>	<u>56,175</u>
Tax on profit on ordinary activities	<u>164,040</u>	<u>5,044</u>

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

10. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2014 - lower than) the standard rate of corporation tax in the UK of 20% (2014 - 20%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	<u>730,277</u>	<u>99,235</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2014 - 20%)	146,055	19,847
Effects of:		
Expenses not deductible for tax purposes	38,939	111,762
Capital allowances for the year in excess of depreciation	(37,857)	(43,372)
Adjustments to tax charge in respect of prior periods	13,200	-
Adjustment in research and development tax credit leading to a decrease in the tax charge	(287,533)	(161,131)
Unrelieved tax losses carried forward	129,490	31,518
Change in tax rates re losses carried back	10,906	(9,755)
Current tax charge/(credit) for the year (see note above)	<u><u>13,200</u></u>	<u><u>(51,131)</u></u>

Factors that may affect future tax charges

Tax losses amounting to £856,972 (2014: £157,588) have been carried forward to offset against future taxable profits of the Group.

KENT COUNTY TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

11. INTANGIBLE FIXED ASSETS

Group	Computer software £	Software development £	Total £
Cost			
At 1 April 2014	96,854	636,851	733,705
Additions	-	1,204,355	1,204,355
At 31 March 2015	<u>96,854</u>	<u>1,841,206</u>	<u>1,938,060</u>
Amortisation			
At 1 April 2014	30,146	-	30,146
Charge for the year	13,986	-	13,986
At 31 March 2015	<u>44,132</u>	<u>-</u>	<u>44,132</u>
Net book value			
At 31 March 2015	<u>52,722</u>	<u>1,841,206</u>	<u>1,893,928</u>
At 31 March 2014	<u>66,708</u>	<u>636,851</u>	<u>703,559</u>

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

12. TANGIBLE FIXED ASSETS

Group	L/term Leasehold property £	Plant & machinery £	Motor vehicles £	Fixtures fittings and office equipment £	Total £
Cost					
At 1 April 2014	2,408,097	-	136,789	2,947,903	5,492,789
Additions	98,892	72,398	-	244,847	416,137
Disposals	-	-	(136,789)	(3,417)	(140,206)
At 31 March 2015	<u>2,506,989</u>	<u>72,398</u>	<u>-</u>	<u>3,189,333</u>	<u>5,768,720</u>
Depreciation					
At 1 April 2014	64,132	-	53,727	228,419	346,278
Charge for the year	54,463	2,686	12,689	374,498	444,336
On disposals	-	-	(66,416)	(397)	(66,813)
At 31 March 2015	<u>118,595</u>	<u>2,686</u>	<u>-</u>	<u>602,520</u>	<u>723,801</u>
Net book value					
At 31 March 2015	<u>2,388,394</u>	<u>69,712</u>	<u>-</u>	<u>2,586,813</u>	<u>5,044,919</u>
At 31 March 2014	<u>2,343,965</u>	<u>-</u>	<u>83,062</u>	<u>2,719,484</u>	<u>5,146,511</u>

Included in leasehold property is land amounting to £592,632 (2014: £592,632) which is not depreciated.

13. FIXED ASSET INVESTMENTS

Company	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2014 and 31 March 2015	<u>4,000,006</u>
Net book value	
At 31 March 2015	<u>4,000,006</u>
At 31 March 2014	<u>4,000,006</u>

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

14. STOCKS

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Stock and work in progress	223,294	274,164	-	-

15. DEBTORS

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Trade debtors	8,202,761	10,992,478	-	-
Corporation tax debtor	-	51,131	-	-
Other debtors	6,318,406	6,253,470	-	-
	14,521,167	17,297,079	-	-

**16. CREDITORS:
Amounts falling due within one year**

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Trade creditors	1,840,151	3,178,332	-	-
Corporation tax	13,200	-	-	-
Other taxation and social security	1,548,539	2,094,397	-	-
Other creditors	7,987,082	6,294,662	6	6
	11,388,972	11,567,391	6	6

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

**17. CREDITORS:
Amounts falling due after more than one year**

	<u>Group</u>		<u>Company</u>	
	2015 £	2014 £	2015 £	2014 £
Other loans	5,900,000	6,640,034	-	-
Share capital treated as debt (Note 19)	3,000,000	3,000,000	3,000,000	3,000,000
	<u>8,900,000</u>	<u>9,640,034</u>	<u>3,000,000</u>	<u>3,000,000</u>

Disclosure of the terms and conditions attached to the non-equity shares is made in note 19.

18. DEFERRED TAXATION

	<u>Group</u>		<u>Company</u>	
	2015 £	2014 £	2015 £	2014 £
At beginning of year	133,794	77,619	-	-
Charge for the year (P&L)	150,840	56,175	-	-
At end of year	<u>284,634</u>	<u>133,794</u>	<u>-</u>	<u>-</u>

The provision for deferred taxation is made up as follows:

	<u>Group</u>		<u>Company</u>	
	2015 £	2014 £	2015 £	2014 £
Accelerated capital allowances	184,471	133,794	-	-
Development software R&D allowance	362,791	-	-	-
Short term timing differences	(102,364)	-	-	-
Unused corporation tax losses	(160,264)	-	-	-
	<u>284,634</u>	<u>133,794</u>	<u>-</u>	<u>-</u>

19. SHARE CAPITAL

	2015 £	2014 £
Shares classified as capital		
Allotted, called up and fully paid		
1,000,002 Ordinary shares of £1 each	<u>1,000,002</u>	<u>1,000,002</u>

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

19. SHARE CAPITAL (continued)

Shares classified as debt

Allotted, called up and fully paid

1,000,000 Redeemable shares of £1 each	1,000,000	<i>1,000,000</i>
2,000,000 Redeemable 2017 shares of £1 each	2,000,000	<i>2,000,000</i>
	<hr/> 3,000,000 <hr/>	<hr/> <i>3,000,000</i> <hr/>

There are two classes of redeemable shares in issue, both classes entitle the holder to one vote in any circumstance. The Redeemable shares of £1,000,000 and Redeemable 2017 shares of £2,000,000 can be redeemed at the option of the company or the shareholder at any time after 1 April 2016 and 1 April 2017 respectively. No premium is payable upon redemption.

20. RESERVES

Group	Profit and loss account £
At 1 April 2014 (as previously stated)	1,088,919
Prior year adjustment (note 21)	1,275,000
	<hr/>
At 1 April 2014 (as restated)	2,363,919
Profit for the financial year	566,237
	<hr/>
At 31 March 2015	2,930,156 <hr/>

21. PRIOR YEAR ADJUSTMENT

A prior year adjustment has arisen due to a change in accounting policy following a reassessment of the Group's accounting for its participation in the Local Government Pension Scheme.

Previously the Group has accounted for its pension contributions as a defined benefit scheme, however it has been agreed by Kent County Council for the employer contributions to be set at a fixed rate for the duration of the contract. Accordingly the accounting policy has been amended to account for the scheme as a defined contribution scheme.

The net effect is to increase profit and loss reserves brought forward at 1 April 2014 by £1,275,000. As the adjustments relate to periods prior to the year ended 31 March 2015 there has been no adjustment to the profit and loss account for this period.

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

22. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2015	<i>As restated</i>
Group	£	2014
		£
Opening shareholders' funds	2,088,921	3,269,730
Prior year adjustments (note 21)	1,275,000	
	<hr/>	
Opening shareholders' funds (as restated)	3,363,921	
Profit for the financial year	566,237	94,191
	<hr/>	<hr/>
Closing shareholders' funds	<u>3,930,158</u>	<u>3,363,921</u>
	2015	2014
	£	£
Shareholders' funds at 1 April 2014 and 31 March 2015	<u>1,000,002</u>	<u>1,000,002</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account.

The profit for the year dealt with in the accounts of the company was £NIL (2014 - £Nil).

23. NET CASH FLOW FROM OPERATING ACTIVITIES

	2015	<i>As restated</i>
	£	2014
		£
Operating profit	1,020,470	88,512
Amortisation of intangible fixed assets	13,986	30,146
Depreciation of tangible fixed assets	444,336	314,824
Loss on disposal of tangible fixed assets	15,893	88,464
Decrease/(increase) in stocks	50,870	(143,976)
Decrease/(increase) in debtors	2,724,781	(9,623,882)
(Decrease)/increase in creditors	(501,821)	6,637,270
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	<u>3,768,515</u>	<u>(2,608,642)</u>

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

24. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2015 £	2014 £
Returns on investments and servicing of finance		
Interest received	20,009	18,973
Interest paid	-	(8,250)
	20,009	10,723
Net cash inflow from returns on investments and servicing of finance	20,009	10,723
	2015 £	2014 £
Capital expenditure and financial investment		
Purchase of intangible fixed assets	(1,204,355)	(733,705)
Sale of intangible fixed assets	-	755
Purchase of tangible fixed assets	(416,137)	(1,674,383)
Sale of tangible fixed assets	57,500	14,338
	(1,562,992)	(2,392,995)
Net cash outflow from capital expenditure	(1,562,992)	(2,392,995)
	2015 £	2014 £
Financing		
Other new loans	-	5,000,000
Repayment of other loans	(740,034)	(200,000)
	(740,034)	4,800,000
Net cash (outflow)/inflow from financing	(740,034)	4,800,000

25. ANALYSIS OF CHANGES IN NET DEBT

	1 April 2014 £	Cash flow £	Other non-cash changes £	31 March 2015 £
Cash at bank and in hand	1,283,827	1,536,629	-	2,820,456
Debt:				
Debts due within one year	-	1,000,000	(1,000,000)	-
Debts falling due after more than one year	(9,640,034)	(259,966)	1,000,000	(8,900,000)
	(8,356,207)	2,276,663	-	(6,079,544)
Net debt	(8,356,207)	2,276,663	-	(6,079,544)

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

26. PENSION COMMITMENTS

The Group operates defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to the funds and amounted to £1,794,573 (2014: £2,018,792). Contributions totalling £197,750 (2014: £189,500) were payable to the funds at the balance sheet date and are included in creditors.

27. OPERATING LEASE COMMITMENTS

At 31 March 2015 the Group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		2015 £	Other 2014 £
	2015 £	2014 £		
Group				
Expiry date:				
Within 1 year	-	-	415,986	646,292
Between 2 and 5 years	-	-	2,049,462	2,107,721
After more than 5 years	757,350	757,350	-	-
	<u>757,350</u>	<u>757,350</u>	<u>-</u>	<u>-</u>

28. RELATED PARTY TRANSACTIONS

The Group has taken advantage of the exemption allowed by Financial Reporting Standard 8, 'Related party disclosures', not to disclose any transactions with members of the Group headed by Kent County Trading Limited on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in the consolidated financial statements.

The Group has loans from Kent County Council of £5,900,000 (2014: 6,640,034). The loans are repayable on demand and included within creditors due after one year. Interest payable on the loans from Kent County Council has been charged at £310,202 (2014: £8,250).

During the year, the Group traded with Kent County Council, the ultimate controlling party. The following transactions occurred during the financial period:

<u>Kent County Council</u>	<u>2015</u> £	<u>2014</u> £
Sales	52,879,350	55,212,338
Trade Debtors	7,210,503	8,660,761
Purchases	4,428,386	2,690,736
Trade Creditors	(684,059)	(263,417)
Other Debtors	1,371,591	2,376,003
Other Creditors	(3,066,356)	(556,710)

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

29. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate controlling party is Kent County Council.

30. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Description
Commercial Services Trading Limited	England and Wales	100	Fleet procurement, landscape services and engineering
Kent Top Temps Limited	England and Wales	100	Dormant
Commercial Services Kent Limited	England and Wales	100	Recruitment services